

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
7 KRISTIN K. MAYES

JUL 20 2005

8 IN THE MATTER OF THE APPLICATION OF
9 GLOBAL CONNECTION INC. OF AMERICA
10 FOR A CERTIFICATE OF CONVENIENCE AND
11 NECESSITY TO PROVIDE RESOLD
12 INTEREXCHANGE, RESOLD LOCAL
13 EXCHANGE AND FACILITIES-BASED LOCAL
14 EXCHANGE SERVICES IN THE STATE OF
15 ARIZONA AND PETITION FOR COMPETITIVE
16 CLASSIFICATION OF PROPOSED SERVICES.

DOCKET NO. T-04259A-04-0382

DECISION NO. 67981

OPINION AND ORDER

12 DATE OF HEARING: June 7, 2005

13 PLACE OF HEARING: Phoenix, Arizona

14 ADMINISTRATIVE LAW JUDGE: Amanda Pope

15 APPEARANCES: Michael W. Patten, ROSKA HEYMAN & DEWULF,
16 PLC on behalf of Global Connection Inc. of America;
17 and

18 Maureen Scott, Staff Attorney, Legal Division, on
19 behalf of the Utilities Division of the Arizona
20 Corporation Commission.

19 **BY THE COMMISSION:**

20 Having considered the entire record herein and being fully advised in the premises, the
21 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

22 **FINDINGS OF FACT**

23 1. On May 20, 2004, Global Connection Inc. of America. ("Global" or "Applicant")
24 submitted to the Arizona Corporation Commission ("Commission") an application for a Certificate of
25 Convenience and Necessity ("Certificate") to provide resold interexchange and facilities-based local
26 exchange telecommunications services within the State of Arizona. The application petitioned the
27 Commission for determination that its proposed services should be classified as competitive.

28 2. On March 29, 2005, the Commission's Utilities Division Staff ("Staff") filed a Staff

1 Report recommending approval of Global's application subject to certain conditions.

2 3. On March 31, 2005, a Procedural Order was issued setting this matter for hearing on
3 June 7, 2005 and setting various procedural deadlines.

4 4. On April 22, 2005, Applicant docketed an Affidavit of Publication, which indicated
5 that it had published notice of the hearing on its pending application to provide resold interexchange
6 and facilities-based local exchange telecommunications services in the State of Arizona.

7 5. On May 3, 2005, Global filed a letter indicating its intent to expand its original
8 application to include resold local exchange services.

9 6. On June 7, 2005, a full public hearing in this matter was held as scheduled. Global
10 appeared telephonically and was represented by counsel. Staff appeared and was represented by
11 counsel. The hearing was conducted before a duly authorized Administrative Law Judge. Evidence
12 was presented and testimony was taken.

13 7. At the hearing, Global referenced its May 3, 2005 filing and reiterated its intent to
14 amend its original application to include resold local exchange services. In light of its amended
15 application, Global argued that the hearing notice published should be sufficiently broad to cover the
16 provision of resold local exchange services such that no additional publication should be required.

17 8. In response to Global's amendment and argument, Staff indicated that it would be
18 offering several amendments to its Staff Report and that it had no objection to Mr. Patten's argument
19 as it believes that the notice published in this matter is sufficient.

20 9. At the conclusion of the hearing, the Administrative Law Judge indicated that no
21 additional publication would be required and took the matter under advisement.

22 10. Global is organized under the laws of the State of Georgia and is authorized to do
23 business in Arizona.

24 11. Applicant has the technical capability to provide the services that are proposed in its
25 Application.

26 12. Currently there are several incumbent providers of local exchange services in the
27 service territory requested by Applicant, and numerous other entities have been authorized to provide
28 competitive local and interexchange services in all or portions of that territory.

1 13. It is appropriate to classify all of Applicant's authorized services as competitive.

2 14. According to Staff, Global submitted unaudited financial statements for the twelve
3 month period ending December 31, 2003. These financial statements list assets of \$2,129,552, equity
4 of \$190,815, and a net income of \$228,770.

5 15. Staff recommended that Global's Application for a Certificate to provide competitive
6 resold interexchange, resold local exchange and facilities-based local exchange telecommunications
7 services be granted subject to the following conditions:

- 8 (a) that, unless it provides services solely through the use of its own facilities,
9 Global be ordered to procure an Interconnection Agreement, within 365 days
10 of the effective date of the Order in this matter or 30 days prior to the provision
11 of service, whichever comes first, that must remain in effect until further order
12 of the Commission, before being allowed to offer local exchange service. If
the Applicant provides services solely through the use of its own facilities, no
other information shall be required once the Applicant informs the commission
of that fact by a letter with the Commission's Docket Control Center under the
same timeframe and provision of service criteria as above;
- 13 (b) that Global be ordered to file with the Commission, within 365 days of the
14 effective date of the Order in this matter or 30 days prior to the provision of
15 service, whichever comes first, its plan to have its customers' telephone
databases;
- 16 (c) that Global be ordered to pursue permanent number portability arrangements
17 with other LECs pursuant to Commission rules, federal laws and federal rules;
- 18 (d) that Global be ordered to abide by and participate in the AUSF mechanism
19 instituted in Decision No. 59623, dated April 24, 1996 (Docket No. RT-
00000E-95-0498);
- 20 (e) that Global be ordered to abide by the quality of service standards that were
approved by the Commission for Qwest in Docket No. T-0151B-93-0183;
- 21 (f) that in areas where it is the sole provider of local exchange service facilities,
22 Global be ordered to provide customers with access to alternative providers of
service pursuant to the provisions of Commission rules, federal laws and
23 federal rules;
- 24 (g) that Global be ordered to certify, through the 911 service provider in the area
25 in which it intends to provide service, that all issues associated with the
provision of 911 service have been resolved with the emergency service
26 providers within 365 days of an Order in this matter or 30 days prior to the
provision of service, whichever comes first, which certification must remain in
effect until further Order of the Commission;
- 27 (h) that Global be ordered to abide by all the Commission decisions and policies
28 regarding CLASS services;

- (i) that Global be ordered to provide 2-PIC equal access;
- (j) that if at some future date, Global does collect from its resold long distance customers an advance, deposit, and/or prepayment, it be required to file a request for procurement of a performance bond regarding resold interexchange service. Such request must reference the Decision and date of this docket;
- (k) that Global be required to notify the Commission immediately upon changes to its name, address or telephone number;
- (l) that Global be ordered to comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service;
- (m) that Global be ordered to maintain its accounts and records as required by the Commission;
- (n) that Global be ordered to file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate;
- (o) that Global be ordered to maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require;
- (p) that Global be ordered to cooperate with Commission investigations including, but not limited to, customer complaints;
- (q) that Global be subject to the Commission's rules governing interconnection and unbundling and the 1996 Telecommunications Act and the ruled promulgated thereunder. In the event that the Applicant provides essential services or facilities that potential competitors need in order to provide their services, the Applicant should be required to offer those facilities or services to these providers on non-discriminatory terms and conditions pursuant to federal laws, federal rules, and state rules; and
- (r) that pursuant to A.A.C. R14-2-1107, Global be ordered to file an application with the Commission should it desire to discontinue service. The Applicant should be required to notify each of its customers and the Commission 60 days prior to filing such application to discontinue service, and any failure to do so should result in forfeiture of Global's performance bond.

27. Staff additionally recommended that Global's application for a CC&N to provide intrastate telecommunications services should be granted subject to the following conditions:

- (a) Global be ordered to docket conforming tariffs within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever occurs first, and in accordance with the Decision; and
- (b) If the above timeframe is not met, that Global's CC&N should become null and void without further Order of the Commission and no extensions for compliance should be granted;

28. In order to protect Global's customers, Staff recommended:

- (a) that Global should be ordered to procure a performance bond equal to \$125,000. The minimum bond amount of \$125,000 should be increased if at any time it would be insufficient to cover prepayments or deposits collected from Global's customers. The bond amount should be increased in increments of \$62,500 whenever the total amount of the advances, deposits and prepayments is within \$12,500 of the bond amount;
- (b) that Global should docket proof of the performance bond within 365 days of the effective date of this Order or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further Order of the Commission; and
- (c) If the above timeframe is not met, that Global's CC&N should become null and void without further Order of the Commission and no extensions for compliance should be granted.

29. In its Staff Report, Staff stated that based on information obtained from the Applicant, it has determined that Global's fair value rate base is zero, and is too small to be useful in a fair value analysis.

33. Staff further stated that in general, rates for competitive services are not set according to rate of return regulation, and Staff reviewed the rates to be charged by the company and believes that they are just and reasonable as they are comparable to other competitive local carriers, local incumbent carriers, and major long distance companies operating in Arizona and comparable to the rates the Applicant charges in other jurisdictions. Therefore, while Staff considered the fair value rate base information submitted by Global, the fair value rate base information provided should not be given substantial weight in this analysis.

34. Staff's recommendations, as set forth herein, are reasonable.

35. Global's fair value rate base is determined to be zero for purposes of this proceeding.

CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Applicant and the subject matter of the Application.

3. Notice of the Application was given in accordance with the law.

1 4. A.R.S. § 40-282 allows a telecommunications company to file an application for a
2 Certificate to provide competitive telecommunications services.

3 5. Pursuant to Article XV of the Arizona Constitution, as well as the Arizona Revised
4 Statutes, it is in the public interest for Applicant to provide the telecommunications services set forth
5 in its Application.

6 6. Applicant is a fit and proper entity to receive a Certificate authorizing it to provide
7 competitive resold interexchange, resold local exchange and facilities-based local exchange
8 telecommunications services in Arizona as conditioned by Staff's recommendations.

9 7. The telecommunications services that the Applicant intends to provide are competitive
10 within Arizona.

11 8. Pursuant to Article XV of the Arizona Constitution as well as the Competitive Rules,
12 it is just and reasonable and in the public interest for Applicant to establish rates and charges that are
13 not less than the Applicant's total service long-run incremental costs of providing the competitive
14 services approved herein.

15 9. Staff's recommendations, as set forth herein, are reasonable and should be adopted.

16 10. Applicant's competitive rates, as set forth in its proposed tariffs, are just and
17 reasonable and should be approved.

18 **ORDER**

19 IT IS THEREFORE ORDERED that the Application of Global Connection Inc. of America
20 for a Certificate of Convenience and Necessity for authority to provide competitive resold
21 interexchange, resold local exchange and facilities-based local exchange telecommunications services
22 in Arizona shall be, and is hereby, granted, conditioned upon Global Connection Inc. of America's
23 timely compliance with the following three Ordering Paragraphs.

24 IT IS FURTHER ORDERED that Global Connection Inc. of America shall file conforming
25 tariffs in accordance with this Decision within 365 days of this Decision or 30 days prior to providing
26 service, whichever comes first.

27 IT IS FURTHER ORDERED that Global Connection Inc. of America shall procure and
28 docket proof of a performance bond equal to \$125,000 the earlier of 365 days from the effective date

1 of this Order or 30 days prior to the commencement of service.

2 IT IS FURTHER ORDERED that Global Connection Inc. of America shall comply with all of
3 the Staff recommendations set forth in the above-stated Findings of Fact and Conclusions of Law.

4 IT IS FURTHER ORDERED that if Global Connection Inc. of America fails to meet the
5 timeframes outlined in the Ordering Paragraphs above, that the Certificate of Convenience and
6 Necessity conditionally granted herein shall become null and void without further Order of the
7 Commission.

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IT IS FURTHER ORDERED that if Global Connection Inc. of America fails to notify each of its local exchange customers and the Commission at least 60 days prior to filing an application to discontinue service pursuant to A.A.C. R14-2-1107, that in addition to voidance of its Certificate of Convenience and Necessity, Global Connection Inc. of America's performance bond shall be forfeited.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN

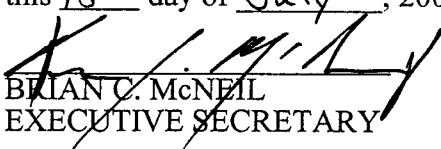

COMMISSIONER


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COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 18th day of July, 2005.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

AP:mlj

1 SERVICE LIST FOR:

GLOBAL CONNECTION INC. OF AMERICA

2 DOCKET NO.:

T-04259A-04-0382

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